



The President's Daily Brief

June 4, 1975

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FOR THE PRESIDENT ONLY

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LAOS

Prime Minister Souvanna Phouma and his Pathet Lao deputy, Phoumi Vongvichit, broke no new ground in separate conversations on June 2 and 3 with Assistant Secretary Habib.

Both Lao leaders reasserted in positive terms the communist-dominated coalition government's desire to maintain "good" relations with the US. They also made a strong pitch for continued US assistance, but with the standard Pathet Lao caveat that such aid must be unconditional and given directly to the Lao government. Phoumi essentially repeated a line he had taken earlier with the US chargé and acting USAID director. He said that US assistance would be welcome--particularly during a "healing the wounds of war" phase of economic development. This phrasing puts US aid in the context of war reparations.

Phoumi said that he would personally supervise the forthcoming negotiations on a new assistance agreement. He also indicated that he did not "think" there would be any more "disorders" directed against Americans in Vientiane.

Meanwhile, Souvanna's acquiescence to Pathet Lao viewpoints came through clearly in his discussions with Habib. He repeatedly emphasized that, in his view, "nothing had changed" in the Lao-American relationship. The Prime Minister blamed "excited young people" for the recent anti-American demonstrations in Vientiane and argued that USAID, not the US, was the prime target.

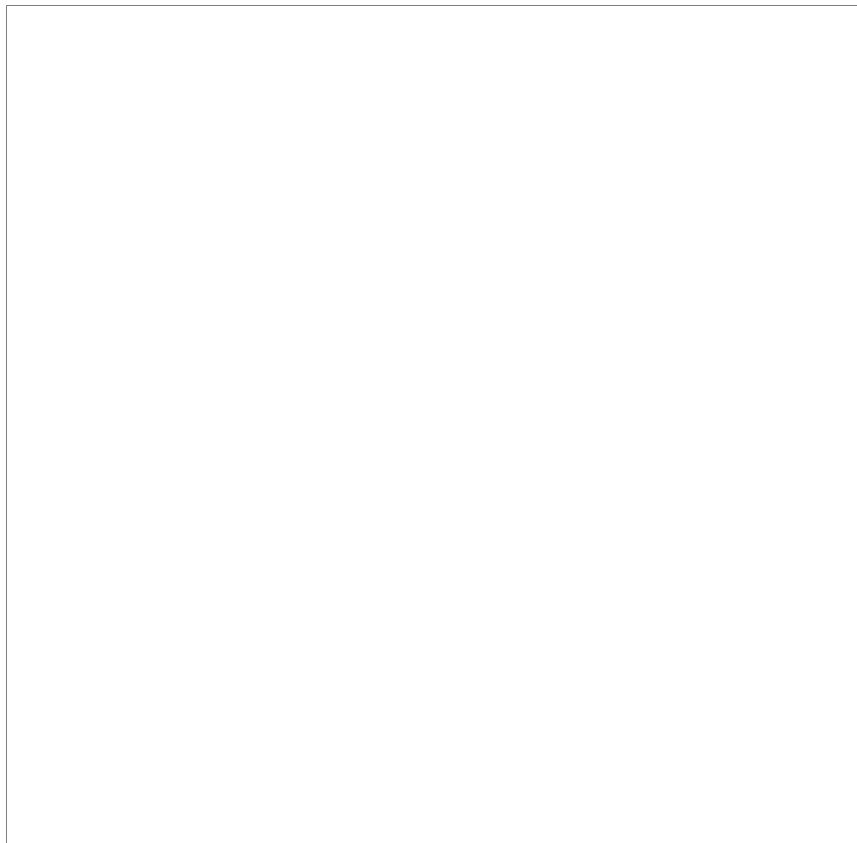
Souvanna also maintained that there had been no real change in Laos, merely an "evolution of attitudes." The Pathet Lao, according to Souvanna, had no intention of taking over Laos--at least not for another "five or six years." The Lao communists, he insisted, were "reasonable nationalists" who respected the monarchy and who had never formed a separate government during their long years of isolation in Sam Neua.

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USSR



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PORtUGAL

Socialist Party leader Mario Soares believes that West European governments should link assistance to Portugal with demands that Communist influence in Lisbon be curtailed.

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Soares' position has already gotten encouragement from West European Socialists. Former chancellor Brandt, Austrian Chancellor Kreisky, and Swedish Prime Minister Palme expressed their support for their Portuguese colleagues at a press conference in Vienna on May 25. They also warned of the dangers to East-West relations if the Communists try to strengthen their position in the government. Last week, the Norwegian and Luxembourg trade union federations also expressed strong backing for the Portuguese Socialists. French Socialist Party leader Mitterrand recently came out in support of Soares' anti-communist line in the República affair, but this stance is now causing further strains in the Socialist-Communist alliance in France.

Soares is also trying to establish a direct link between the EC's provision of economic assistance to Portugal and the maintenance of democratic institutions. At the conclusion of a three-day visit to Lisbon yesterday, Irish Foreign Minister Garrett FitzGerald--at present, president of the EC Council--underlined the EC's desire to provide Portugal with financial, industrial and agricultural assistance. While not establishing political conditions for such aid, FitzGerald noted the importance of maintaining a pluralist democracy and freedom of expression in Portugal. Plans for an EC-Portuguese ministerial meeting scheduled for this fall were also discussed.

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USSR

The Soviets have told some [redacted] diplomats that there has been a turn leftward in China's domestic politics. Moscow's purpose evidently is to suggest to the US and others in the West that any improvement in relations with China will not be durable. This line appears timed both to counter whatever gains Chinese Deputy Premier Teng Hsiao-ping may have made during his visit to Western Europe last month and to raise questions prior to your trip to Peking.

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The Soviet message was conveyed forcefully by Mikhail Kapitsa, chief of the foreign ministry's Far East division. He asserted that Premier Chou En-lai's position had been weakened by the National People's Congress and that the "Shanghai" group, including Mao's wife Chiang Ching, had moved into dominant positions overseeing the party and the government.

Kapitsa made these statements as if they were beyond dispute. In fact, Chiang Ching has not been appointed to the Politburo standing committee, nor have the leftists gained control of it or the party's control commission, as Kapitsa claimed. Moreover, the Soviets themselves have heretofore interpreted the National People's Congress as a victory for Chou and the moderates.

The Soviet official told [redacted] that the new predominance of the Shanghai group would lead to an intensification of China's struggle against both the Soviet Union and the US. He did not speculate about what new policies Peking would follow, but he implied that there is a good possibility of tougher days ahead in Sino-Soviet relations.

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THAILAND

The Thai military are beginning to show impatience with the Khukrit government, [redacted]

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The military have little faith in the civilian government's ability to maintain order and are watching the administration's handling of current labor unrest. Military officers also have been displeased with the way Prime Minister Khukrit officially criticized the US in connection with the Mayaguez incident and have voiced concern over Khukrit's advocacy of accelerated US military withdrawal. In addition, some officers have reservations about the haste with which the foreign ministry is moving to establish ties with Hanoi and Pe-
king.

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[redacted] Army Commander Krit's political maneuvering has recently led to widespread questioning of his leadership among younger officers.

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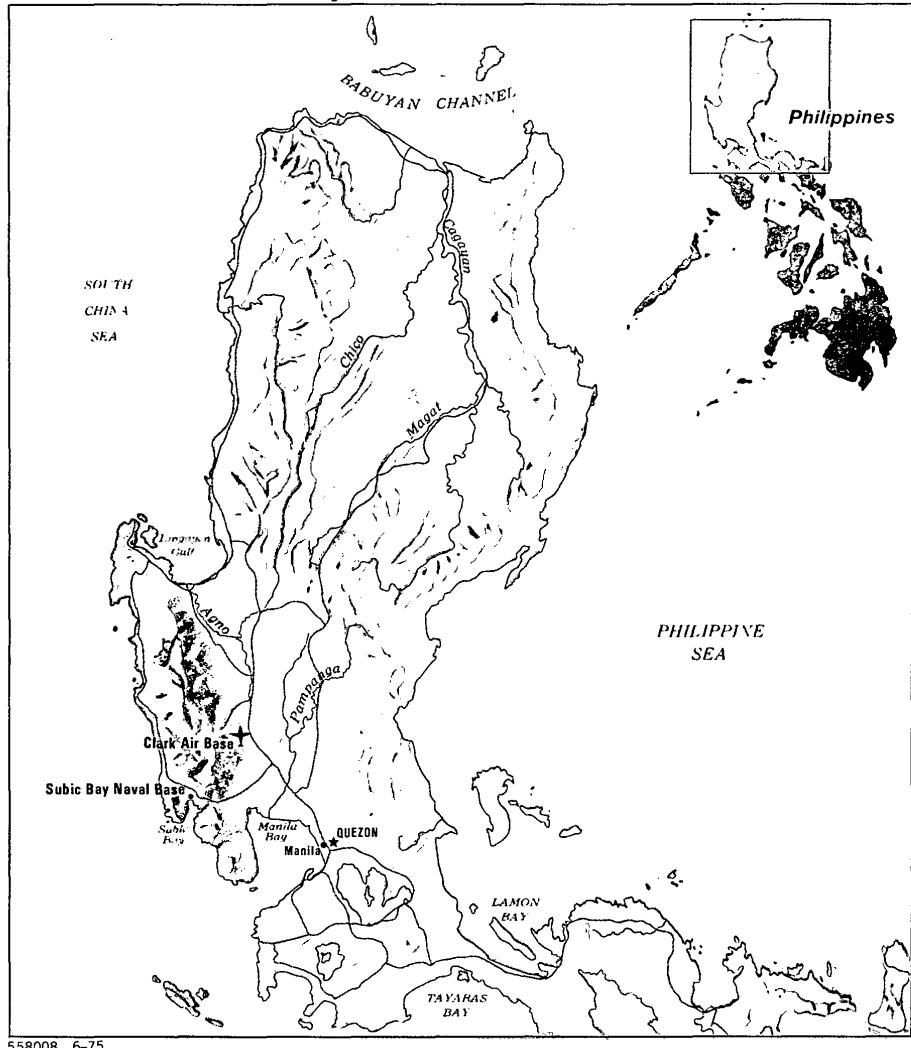
A precipitate move against the government would almost certainly incur the displeasure of the King, in addition to risking disorders among radical students and other leftist elements. [redacted] some of the press have attempted to make the US the scapegoat for recent anti-Vietnamese demonstrations in northeast Thailand and would be quick to allege a US hand in the affair.

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[redacted] a growth in governmental instability or persistent civilian disregard for armed forces' interests in the months ahead could markedly increase the possibility of military intervention.

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Northern Luzon Major U.S. Bases



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THE PHILIPPINES

President Marcos' security advisers have been ordered to draft options for a new arrangement to govern US military bases, including a Philippine take-over. Despite his recent nationalistic rhetoric, Marcos apparently wants an arrangement that both Washington and Manila can live with.

Marcos and his security advisers have assured the ambassador and other US officials that the Philippines plans no precipitate action against US bases. Marcos recognizes that the Philippines has deep political and economic relations with the US.

Marcos has raised US base arrangements at various times in the past, but has never scheduled the high-level discussions needed for a new treaty. He has preferred to keep the issue unresolved as a convenient nationalist theme that he can take up whenever foreign or domestic conditions make it useful. This time, however, there are fresh elements:

--Marcos is showing new interest in being taken seriously as a member of the Association of Southeast Asian Nations, which favors the eventual removal of foreign bases from Southeast Asia.

--Marcos has begun exploring Manila's chances for gaining admittance to the nonaligned club.

--Though US bases do not seem a bar to improved Philippine relations with most communist states, Hanoi has raised the subject.

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Marcos probably has not yet decided how he wants to restructure US-Philippine relations, but his recent [redacted] statements have stressed certain themes:

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--Marcos has long felt that the Mutual Defense Treaty allows the US too many loopholes and that the major threat to his security is internal subversion that is not covered by the treaty. He may want a broader commitment.

--Marcos wants to improve the Philippines' own military, much of which is poorly equipped and badly trained. He may want US assistance for a modernization program, including a local weapons industry.

--Long unhappy with the extraterritorial nature of the US bases, Marcos wishes to assert greater control over them. He wants at least cosmetic changes that would make the bases technically Philippine and provide compensation such as rent.

Marcos will probably address himself to the US base issue when he returns from China in mid-June. Past experience suggests the process will be slow and careful, but accompanied by a great deal of speechifying.

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ETHIOPIA

Fighting broke out on June 1 between Ethiopian security forces and Afar tribesmen in the eastern part of the country in what may be the beginning of a full-scale Afar revolt against the ruling military council in Addis Ababa.

The Afar, who were allowed extensive autonomy under Haile Selassie, have been suspicious of Ethiopia's military rulers since they came to power last year. Although their leader, Sultan Ali Mirah, was one of the few major tribal figures not arrested during the council's roundup of traditional leaders, the Afar believed the council would eventually move against him as part of its campaign to destroy Ethiopia's former ruling class. Ali Mirah refused repeated council requests that he come to Addis Ababa.

Last week, delegates from the council traveled to Afar territory, ostensibly to seek an accommodation with Ali Mirah. At the same time, the council sent military reinforcements to the area. The Afar probably interpreted this as the beginning of a move against them and decided to strike first. Ali Mirah, meanwhile, has taken refuge in the neighboring French Territory of the Afars and Issas. His tribesmen will probably continue to resist the imposition of central government control.

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NOTES

The government-controlled Portuguese press has begun alluding to the US role in the Azores.

On May 31, a leading daily devoted nearly an entire page to tying the deteriorating situation in the islands to "reactionary and imperialist escalation." The paper criticized Azorean autonomy and independence groups and charged that employees of the US consulate are members of the now disbanded Movement for the Self-Determination of the Azorean People. It also criticized activities of Portuguese immigrants in the US, including "aggressive and insulting actions" against Portuguese Information Minister Jesuino during his recent visit to the US. Major Portuguese dailies on June 2 also devoted considerable space to the possibility that the Azores may break away from the mainland.

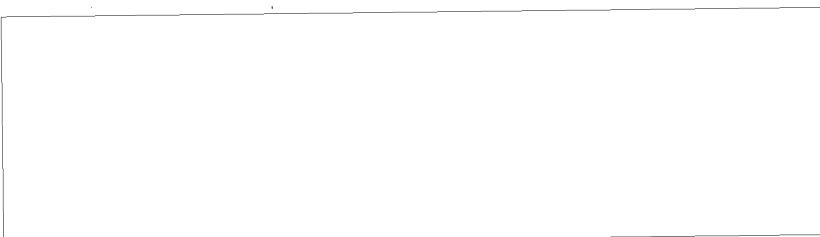
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After pursuing a largely one-sided quarrel with Iraq over the past two months, Syria yesterday abruptly announced it would release more Euphrates River water to Iraq as a "gesture of good will."

Iraq will be relieved by the Syrian gesture; the cutback in the flow of Euphrates water threatened the livelihood of thousands of Iraqi farmers. Baghdad nevertheless has refused to be provoked by Syrian harassment and propaganda, apparently believing that President Asad would drop the dispute once it had served his purposes. Asad probably believes he has amply demonstrated that Syria can exert severe economic pressure on Baghdad at any time if the Iraqis try to meddle in Syrian internal affairs. The release of the Euphrates water will not end either Iraqi political intrigue in Syria or Asad's antipathy for the Baghdad regime, but it should ease tensions, at least temporarily.

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